



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 12, 2009 REPORT NO: 09-066

ATTENTION: Council President and City Council
Agenda of May 26, 2009

SUBJECT: Torrey Highlands Public Facilities Financing Plan – Fiscal Year 2010

REFERENCE: Torrey Highlands Public Facilities Financing Plan and Facilities
Benefit Assessment; Fiscal Year 2010 – March 2009

REQUESTED ACTION:

1) Approve the Torrey Highlands Public Facilities Financing Plan (PFFP) for Fiscal Year 2010; 2) Adopt a Resolution of Intention to designate an Area of Benefit for Facilities Benefit Assessment (FBA) in the Torrey Highlands Community Plan area; 3) Adopt a Resolution of Designation for the FBA in Torrey Highlands; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Torrey Highlands for those developments which have never been assessed or otherwise agreed to pay an FBA; and 5) Authorize the City Auditor and Comptroller to modify individual Capital Improvement Program (CIP) project budgets to reflect this plan.

STAFF RECOMMENDATION:

Adopt the five resolutions.

SUMMARY:

Council Policy 600-36 allows for an annual review of all existing Facilities Benefit Assessment (FBA). This is the annual review and will serve as the basis for the Capital Improvement Program (CIP) as it pertains to programming FBA funds in Torrey Highlands over the next five year period. The most recent review of the Torrey Highlands Public Facilities Financing Plan and FBA was approved by City Council on November 14, 2006 by Resolution R-302080. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the FY 2007 plan.

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Torrey Highlands area and for the proposed population at full community development, which is presently estimated to be the year 2014. Torrey Highlands is a partially developed community, with many of its community facilities and infrastructure to be provided in the future. The remaining facilities are in the Transportation, Park and Recreation, Library categories. Due to the low density in Torrey Highlands, many of the facilities will be

shared with adjacent subareas as identified in the respective project pages. The objective of the FBA is to ensure that sufficient funds will be available to construct identified facilities as the community develops. With this update the Transportation Phasing Plan (TPP) is being modified to allow residential development which would be served by existing streets to move forward, by not requiring the immediate development of certain street projects located south of SR-56. The FBA generated as a result of new development will then be available to fund street improvements south of SR-56.

The financing plan will automatically adjust on July 1, 2009 by 4% which is the inflation factor assumed in the current financing plan. The Community Planning Group has requested that the inflation factor continue at 7% which was the factor increase assumed in the current plan from FY2008 to FY2009. When reviewing the inflation factors for the CPI and CCI, the CCI reflects a 6.5% increase as of March of 2009 while the CPI has decreased .1% as of December of 2008.

The proposed Public Facilities Financing Plan and Facilities Benefit Assessment identifies remaining outstanding projects totaling \$296,752,875. The funding source for these projects are as follows:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
\$130,909,253	Torrey Highlands FBA	44%
\$155,666,667	Other(including various FBA's*)	53%
\$10,176,955	Subdividers	3%

*Black Mountain Ranch, Del Mar Mesa, Pacific Highlands Ranch, and Rancho Penasquitos

Changes to the existing plan are detailed in Attachment 3.

As the current assessment schedule will provide sufficient funding for the remaining facilities in Torrey Highlands, the only change to the current assessment is to reflect a 7% inflation factor for FY2010 and 5% thereafter as reflected in other recent FBA plans. The assessments for FY2009 and FY2010 are as follows:

LAND USE	CURRENT ASSESSMENT	PROPOSED ASSESSMENT per UNIT/ACRE in FY 2010
SINGLE FAMILY UNIT	\$98,225	\$105,101
MULTI-FAMILY UNIT	\$68,760	\$73,573
LOCAL MIXED USE ACRES	\$792,676	\$848,165
COMMERCIAL ACRES	\$592,297	\$633,759
EMPLOYMENT CENTER ACRES	\$528,322	\$565,306
LIMITED COMMERCIAL ACRES	\$175,823	\$188,131
INSTITUTIONAL ACRES	\$147,338	\$157,652

Council has previously directed that the same assessment rates are appropriate Development Impact Fees (DIF's) for all properties in Torrey Highlands that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2010 Assessments also be adopted as Development Impact Fees for Torrey Highlands (see Attachment 2).

The Facilities Benefit Assessment will be collected at building permit issuance and deposited into a special interest earning fund for Torrey Highlands. Annually the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, all property owners within the proposed area of designation will receive a mailed notice advising them of the hearing date and their right to file a protest with the City Clerk prior to the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned.

FISCAL CONSIDERATIONS:

Approval of this Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment will continue to provide a funding source for the public facilities identified in the FY 2010 Torrey Highlands Public Facilities Financing Plan.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On April 15, 2009 the Land Use & Housing Committee voted unanimously to approve the Torrey Highlands Public Facilities Financing Plan with the following conditions: 1. Continue with the 7% inflationary rate; 2. Include a two-tiered fee structure which would make FBA fees for FY2010 effective immediately upon Council approval of the financing plan even if it is approved in FY2009.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

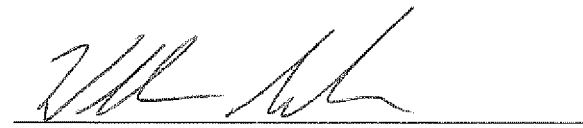
At the March 4, 2009, Rancho Peñasquitos Planning Board (RPPB) meeting, the group voted 14-1-2-1 (which include two abstentions and one recusal) to approve the Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2010 Draft, with The following conditions: 1. Continue with the 7% inflationary rate; 2. Include a two-tiered fee structure which would make FBA fees for FY2010 effective immediately upon Council approval of the financing plan even if it is approved in FY2009.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the FY 2010 Torrey Highlands Public Facilities Financing Plan Assessment Roll, Facilities Benefit Assessment Listing beginning on page 145. These property owners will be mailed a notice of the hearing and a copy of this document. The owners will have liens placed on their property and will be

required to pay Facilities Benefit Assessments at the time of building permit issuance. Any redevelopment that increases the intensity of existing uses may be subject to an impact fee per Attachment 2.


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City Planning & Community Investment


William Anderson, FAICP
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City Planning & Community Investment

Attachment: 1. Torrey Highlands Public Facilities Financing Plan, Fiscal Year 2010
2. Development Impact Fee Analysis
3. Changes to Torrey Highlands Project Summary List Fiscal Year 2010

Note: Due to the size of the attachment, only a limited distribution was made. A copy is available for review in the Office of the City Clerk and on the FF website located at www.sandiego.gov/planning/facilitiesfinancing/index.shtml